

EUROPEAN UNION COUNTRY COMMERCIAL GUIDE FY 2002

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Table of Contents

1	Executive Summary
2	Economic Trends and Outlook
3	Political Environment
4	Marketing of U.S. Products and Services
5	Leading Sectors for U.S. Exports and Investment
6	Trade Regulations and Standards
7	Investment Climate Statement
8	Trade and Project Financing
9	Business Travel
10	Economic and Trade Statistics
11	U.S. and Country Contacts
12	Market Research
13	Trade Event Schedule

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1. EXECUTIVE SUMMARY

This Country Commercial Guide (CCG) presents a comprehensive look at the European Union's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

The United States and the European Union, with its fifteen Member States, enjoy a mature economic relationship that is characterized by massive two-way trade, in cumulative balance for over twenty years, and by even more extensive two-way investment (\$1.137 billion in 1999) that employs over 3 million Europeans and 3 million Americans. In 2000 U.S. exports to the EU-15 were \$164.8 billion, while U.S. imports from the EU-15 amounted to \$220.4 billion.

The EU has in 2001 a population of 375 million and a GDP of \$7.8 trillion. The EU represents a market with a population that is therefore 137% that of the U.S. (population 273 million) and an economy 85% of its size (GDP \$ 9.2 trillion). The EU Member States' public sector, which includes 450,000 public contractors at national and local levels, is an important part of the total EU economy, accounting for almost 11% of GDP. Moreover, EU institutions (with an annual budget of \$82 billion in 2001) remain an important economic stimulus, particularly of agricultural production and regional economic development, throughout Europe.

Europe's GDP growth in the last several years has lagged that of the U.S. This slower growth explains in part the current U.S. trade deficit with the EU. Forecasts for 2001 were recently revised downward to 2.5%, with an inflation rate of 2.1%. Europe's unemployment is expected to decrease from 8.3% in 2000 to 7.7% by 2001, but is likely to remain high for some time.

On January 1, 1999, the European Union adopted the euro as its new currency for the eleven Member States that had satisfied the macroeconomic conditions necessary to join final Economic and Monetary Union (EMU). The euro is already being used in electronic transactions and as a unit of account whose value has been fixed irrevocably with the participating Member State currencies, and euro bank notes and coins will enter into circulation on January 1, 2002. The first countries to use the euro are: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Not yet part of final EMU are: Denmark, Sweden and the United Kingdom. Although business can expect from the introduction of the euro lower business transaction costs and more transparent pricing throughout the EU, since its launch, the euro has declined approximately 25% against the U.S. dollar, adversely affecting many U.S. companies exporting to Europe.

American business should also benefit from several recent developments in the European Union: deregulation in several sectors (i.e., airlines, telecommunications, energy and postal services); the start of negotiations on the eventual enlargement of the EU with 12 candidate countries (i.e., Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia); and, of course, the introduction of the euro. Further advancement of the single market and single currency

should facilitate increased trade. Particular business prospects will vary among Member States; so, exporters should review CCGs from the Member State posts in Europe.

Historically, U.S. exporters and investors have faced relatively low barriers to doing business in the EU. Nonetheless, the U.S. has a number of ongoing disputes with the EU, a situation to be expected given the breadth and depth of the commercial relationship we enjoy with the EU. Discussions on a range of existing and potential trade irritants are ongoing, including such issues as EU restrictions on genetically modified organisms, biotechnology, and a range of food, pharmaceutical, cosmetic and other products containing items the EU describes as Specified Risk Materials; different approaches to transparency in regulatory procedures; and different approaches to the role of standards in regulations.

To enable U.S. business to better take advantage of these opportunities, and to meet both, the needs of U.S. exporters as well as those of American firms already operating in Europe, the U.S. Department of Commerce launched its "Showcase Europe" (SCE) initiative in 1995. Showcase Europe has been designed to help U.S. companies more effectively exploit commercial opportunities presented by the immense EU regional market, and the emerging markets of Eastern Europe, Russia, and the Newly Independent States (NIS). The Showcase program is the Commercial Service's way of recognizing that Europe is fast becoming an integrated Single Market. SCE benefits all U.S. firms, but especially those in seven sectors: aerospace; automotive; energy; environment; information and communications technologies; medical; and travel and tourism. For more information please consult the Showcase Europe website, <http://www.sce.doc.gov>.

American firms doing business in Europe should also be aware of the business facilitating activities of the Transatlantic Business Dialogue (TABD). The TABD is a forum for U.S. and European businesses to provide voluntary input to the U.S. government and the European Commission on impediments to transatlantic business. In the U.S., please contact Lisa Schroeter for more information on TABD initiatives: [TABD U.S. Office/PricewaterhouseCoopers, 1900 K Street, NW, Suite 900, Washington, DC, 20006 / Tel.: (202) 822-4769, fax: (202) 822-5640] or website: <http://www.tabd.com>. Similar transatlantic dialogues between governments and labor, environmental and consumer constituencies are also held.

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2. ECONOMIC TRENDS AND OUTLOOK

2.1 *A Snap-Shot*

The European Union of 15 members has a population of about 375 million, concentrated largely in Germany (82 million, or 22%), Italy, the United Kingdom, and France (each with approximately 58 million people). While the EU's population is about 1.4 times that of the United States, it is squeezed into an area about one-third its size. Consequently, population densities are much higher: 117 people per square kilometer in the EU, versus 29 in the U.S. Densities range from more than 300 people per square kilometer in the Netherlands and Belgium, to about 15 in Finland.

The Gross Domestic Product of the EU in 2000 was approximately \$ 7.8 trillion (at current exchange rates). Private consumption accounted for 5% of the EU's GDP, while gross fixed capital formation contributed 2% and government consumption added an additional 20%. It should be noted that total current expenditures by the government sector in the EU in 2000 were 46% of GDP. In the external sector, the average ratio of exports of goods and services to GDP for the EU-15 in 2000 was 33.4%, while imports of goods and services was 32.3%. Most of this trade, however, was among Member States, as exports of goods to the rest of the world were 10.1% and imports 10.4% of GDP.

Germany has by far the largest economy in the EU, accounting for 23% of the EU's 1999 GDP, followed by France (16%), Italy (15%), and the United Kingdom (17%). Per capita income (est. 1999) for the EU as a whole was about \$22,615, ranging from around 176% of the average in Luxembourg to Portugal (75%) and Greece (66%). Like the U.S., the EU economy is heavily weighted toward the service sector, which in 1996 provided about 67% of the value-added in the economy. Industry (including construction) contributed another 31%, leaving agriculture at about 2%. As with most features of the EU, there is considerable variation between Member States. For example, in 1999 in Germany, industry is almost 36% of value-added, while in Greece agriculture contributes over 14%.

2.2 *Recent Economic Trends*

Until the Spring of 2001, the EU had been enjoying a period of relatively solid economic growth, 3.4% of GDP in 2000, due to a strong pick-up in the world economy and falling interest rates, combined with higher productivity and corporate profitability. However, the EU economy is now cooling off due to the recent slowdown in the U.S. economy and rising energy prices. The EU Commission in its Spring (April 2001) forecast predicted a GDP growth rate of 2.8% for 2001 and 2.9% for 2002. It has since lowered the 2001 figure to 2.5%.

The EU successfully launched its single currency, the Euro, on January 1, 1999; and the moderate economic expansion of the last four years coupled with disciplined government fiscal policies allowed the EU member states to reduce their inflation rates and government deficit and debt ratios.

Due to high labor costs (especially non-wage costs) and structural rigidities, high levels of unemployment have continued to persist. According to the EU Commission, the EU's unemployment rate averaged 9.9% for the period 1991-2000; although it declined to 9.2% in 1999 and 8.5% in 2000, mainly due to the overall macroeconomic expansion. Realizing

the connection between protracted high unemployment and the need for structural economic reform, the EU has begun to address issues relating to economic integration and efficiency in relation to the functioning of the Single Market, in particular the EU's product, capital, financial services, and labor markets.

Unemployment levels continue to vary considerably among Member countries, ranging in 2000 from a low of 2.1% in Luxembourg to 13.9% in Spain. Annual inflation is forecast to remain low in 2001 at around 2%, near the European Central Bank's (ECB) reference rate of 2%.

The main features of the EU Commission's most recent (Spring 2001) Economic Forecast are:

	1998	1999	2000	2001E	2002E
GDP growth	2.8	2.5	3.4	2.5	2.9
Unemployment (a)	9.9	9.2	8.3	7.7	7.2
Inflation (b)	1.3	1.2	2.1	2.1	1.8
Govt. Deficit (%GDP)	-1.5	-0.6	1.2	-0.2	0.0
Govt. Debt (%GDP)	69.0	67.5	64.5	61.7	59.3
Current Account Balance (%GDP)	0.8	0.3	-0.2	-0.3	-0.3

*Real pct change p.a. unless otherwise stated.

(a) As a percentage of the civilian labor force;

(b) Harmonized index of consumer prices, nominal change.

2.3 *Recent Economic Policy Developments: Economic and Monetary Union*

The most important economic policy initiative in the European Union in the last decade has been the creation of the Economic and Monetary Union (EMU) among the Member States and the launch of a single currency, the euro.

During the transition period to EMU – “Stage II” (which began on January 1, 1994) – EU Member States were required to meet fairly stringent “convergence criteria” in order to qualify to join the euro area. These criteria include: a budget deficit under three percent of Gross Domestic Product; national debt below or approaching the reference value of 60 percent of GDP; an inflation rate that does not exceed 1.5 percentage points of the average of the three Member States with the lowest inflation rates; long-term interest rates no more than two percentage points above the average of the three Member States with the lowest interest rates; and an exchange rate that has stayed within the “normal” fluctuation bands in the Exchange Rate Mechanism (ERM) for the most recent two years.

In May 1998, the European Council (Member State Heads of Government) approved 11 qualifying states for membership in the new single currency (euro) area. The UK and Denmark opted not to participate immediately, while Greece and Sweden failed to meet the convergence criteria. In June 2000 the European Council, having been satisfied that Greece now met the criteria, approved it as the 12th member as of January 1, 2001. The Council chose Dutch Central Banker Wim Duisenberg to head the Frankfurt-based European Central Bank (ECB) and appointed five other members of the ECB board.

Implementation of the third stage of EMU – full monetary union with a single currency managed by the ECB – began on January 1, 1999. Euro denominated coins and notes will be introduced into circulation on January 1, 2002. Until then, the 12 Euro participants are in a three-year transition period during which individuals and companies can make electronic funds and check transactions in euros and firms may dual-price products and services in euros as well as in local currency. However, the dual circulation period for the euro and the various national currencies will only last for two months until March 1, 2002.

Expectations of lower business transactions costs, reduced risk of political interference in interest and exchange rate management, greater government budget discipline and the development of a single capital and financial services market have all boosted business interest in the EU. However, this has been partially offset by an approximately 25% decline in the euro against the dollar since its launch. This has been due to the continued relatively strong growth of the U.S. economy. While the euro's depreciation has led to strong export-led growth rates in the EU, it has also led to a rise in inflation due to higher import prices, especially for energy products. The euro area members have committed themselves to move their budgets into balance or slight surplus by 2002, realizing that they must have sufficient fiscal policy tools to stimulate growth during business cycle downturns.

3 POLITICAL ENVIRONMENT

3.1 *Nature of Bilateral Relationship with the United States*

The United States and the European Union enjoy full diplomatic relations distinct from those between the U.S. and each of the EU Member States. The U.S. Mission to the European Union (www.useu.be) in Brussels is accredited to both the Commission and the Council of the European Union. The Commission's representative in Washington is the only diplomatic envoy from an organization, the European Community, who is accorded full ambassadorial rank by the United States - reflecting the European Community's unique status as a supranational entity. (Details about the EU at www.europa.eu.int.)

The current framework for relations between the United States and European Union was established in the 1990 "Declaration on U.S.-European Community Relations" and 1995 agreement for a "New Transatlantic Agenda (NTA)." (Details on both agreements may be found at the website of the U.S. Mission to the EU: www.useu.be/docs.) These agreements provide for regular meetings between the President of the United States, the President of the European Council (which rotates at six-month intervals among Member States), and the President of the Commission. They also established a system of regular U.S.-EU consultations at Cabinet and lower-levels. The NTA set out an ambitious agenda of joint U.S.-EU action in 1) promoting peace, development, and democracy, in areas like the Balkans, Middle East, and the Korean Peninsula, for example; 2) overcoming global challenges like international crime and terrorism; 3) expanding trade; and 4) building transatlantic bridges by expanding cultural, educational, and scientific exchanges.

Beginning in May 1998, the United States and the EU launched additional initiatives to further the goals of the New Transatlantic Agenda. The first was the Transatlantic Economic Partnership (TEP), designed to intensify bilateral and multilateral trade and investment facilitation, liberalization, and cooperation; to create additional positive momentum in the United States-EU trade relationship; and to broaden the transatlantic economic dialogue to include labor, environmental, and consumer organizations. Other initiatives include the Transatlantic Business Dialogue (TABD), the Transatlantic Legislators' Dialogue (TLD), Transatlantic Consumer Dialogue (TACD), Transatlantic Environmental Dialogue (TAED), and the Transatlantic Labor Dialogue (TALD).

3.2 *Major Political Issues Affecting Business Climate*

The general political issues which have the greatest effect on the business climate within the European Union are the launching of the common currency (the euro), outlined in chapters 1 and 2; EU institutional reform; European Security and Defense Policy (ESDP); and EU enlargement.

Institutional Reform: The 1992 Treaty on European Union (The "Maastricht Treaty") and the 1997 Treaty of Amsterdam brought significant changes to what had been a mostly economic and trade focused institution. (www.europa.eu.int/abc/treaties) These treaties established three "pillars" of EU policy – Economic Affairs, Common Foreign and Security Policy (CFSP), and Justice and Home Affairs (police and judicial cooperation). The treaties also provided greater authority to the European Parliament. The office of "High Representative for CFSP" was established, and former NATO Secretary General Javier Solana assumed this position in October 1999, though ultimate authority in this area

remains with the Member States. The Treaty of Nice, which has not yet been ratified by all EU Members, will reform internal EU representation and voting procedures to prepare for many new members. The EU will also initiate major financial reforms related to the Common Agricultural Policy (CAP), structural and development funds, and the budget before accepting any of the current candidates.

European Security and Defense Policy (ESDP): EU Member States agreed in 1999 to establish an EU rapid reaction force, with the necessary attendant institutional bodies involving military and political/security experts. The objective is to provide the EU a civilian and military capability to deal with crises where NATO as a whole is not engaged. This development may also give new impetus to the EU's emerging defense industries policies.

EU Enlargement: The EU is currently negotiating accession terms with 12 countries (Cyprus, the Czech Republic, Estonia, Hungary, Poland, Slovenia, Bulgaria, Latvia, Lithuania, Malta, Romania, and Slovakia). (www.europa.eu.int/pol/enlarg) Turkey is also a candidate country but has not yet begun accession negotiations. EU leaders decided at the June 2001 EU Summit that the best prepared of these 12 negotiating candidate countries could expect to join the organization around 2004. The U.S. has supported EU enlargement from the beginning, recognizing its unparalleled impact on peace, stability, and prosperity in the region. Enlargement will also simplify the rules of doing business in the accession countries and greatly enhance the investment climate.

EU enlargement, ESDP, institutional reforms, and the effects of the euro on fiscal and monetary policies will tend to draw the Member States into a closer form of union. Most observers agree, however, that -- despite these pivotal changes -- the EU will not become a single state for the foreseeable future but will remain an association of states, with sovereignty divided among EU institutions in Brussels and the Member State governments. The divided competencies will leave national governments in a position to maintain strong influence over economic affairs in Europe.

3.3 *European Union Institutions*

The main political institutions of the European Union are the Council, the Commission, and the European Parliament. For a brief synopsis of the political system, schedule for elections, and orientation of major political parties, see www.europa.eu.int/inst.

3.3.1 *The European Council*

The President of the Commission and the EU heads of state/government meet at least every six months as the "European Council", the supreme policy-making body in the European Union.

3.3.2 *The Council (Council of Ministers)*

The Council is a policymaking and legislative body that consists of a representative from each EU Member State at the Ministerial level who can make binding commitments for his government. The Council has multiple formations and actual participation varies according to the subject at hand. For example, Foreign Ministers sit on the "General Affairs" formation of the "Council" and finance ministers on the "Economic and Financial Affairs" (or "ECOFIN") formation of the Council. The Member State holding the presidency not only

presides at Council meetings, but also has an important role in setting priorities for the entire EU and attempting to moderate differences.

3.3.3 The Commission

The Commission is more of an executive body, responsible for implementing EU Treaties and policies and proposing legislation. It consists of 20 Commissioners, including the Commission President, who is nominated by the governments of the Member States and approved by Parliament. Each Member State, according to its size, also nominates either one or two Commissioners. The Commission President and the Commission as a whole must then also be approved by Parliament, and new Commissioners serve five years. The current Commission, led by Romano Prodi of Italy, took office in September 1999. The term "Commission" also includes the approximately 20,000 permanent employees who carry out EU policies. These officials are divided into 24 Directorates General ("DGs"), responsible for policy areas like External Affairs, Trade, Enlargement, Environment, and Transportation.

3.3.4 The European Parliament

The 626-member European Parliament (EP) is the only directly elected EU institution. Union-wide elections are held at five-year intervals, most recently in June 1999. Most EP committee meetings are held in Brussels; but most plenaries take place in Strasbourg (meeting for one week, once per month).

In general, EU legislation is proposed by the Commission and approved by the Council and Parliament. In the "co-decision" procedure, which applies to most legislation in Economic Affairs - but not to traditional trade issues - and some areas of Justice and Home Affairs, the EP may meet directly with Council representatives to negotiate changes to disputed legislation, and then may or may not veto it. The total amount of EU budget revenues is determined by the Member States, but the EP has significant powers in allocating the portion of the budget (approximately one half) not concerned with agriculture.

4. MARKETING OF U.S. PRODUCTS AND SERVICES

4.1 *Commercial Agreements: Distribution, Franchising and Agency Agreements*

Companies wishing to make distribution, franchising or agency arrangements need to ensure that the agreements they put in place are in accordance with EU and national laws. Under EU law, because these kind of agreements can potentially restrict competition within the European Union, they have to be notified to the European Commission prior to their enforcement, unless:

They qualify as “agreements of minor importance”, meaning that the parties’ combined market share does not exceed a certain limit. For example, parties to a “vertical agreement” may not represent more than 10% of market share. (Vertical agreements are agreements between companies operating at different levels of the same manufacturing or distribution chain. Vertical agreements should also not involve price-fixing, nor should they give absolute territorial protection.) **And / or for:**

For franchising agreements, exclusive and selective distribution agreements, industrial supply agreements, and exclusive purchasing and exclusive supply agreements:

- the parties’ combined market share is less than 30%; and
- the agreement does not include restrictions, such as price fixing, absolute territorial protection, restriction of sales to end users by members of a selective distribution system, and restriction of cross-supplies between distributors within a selective distribution system.

For more information, please refer to regulation 2790/1999 on vertical agreements and its guidelines on the competition webpage of the European Union: <http://www.europa.eu.int/comm/competition/antitrust/legislation/>.

Regarding agency agreements, the EU has issued a Directive requiring Member States to harmonize their national rules and introduce certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals ([Directive 86/653/EEC](#)). In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent’s remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation for damages to be paid to the agent.

For more information on EU legislation on distribution, franchising, agency agreements and their notification to the European Commission, please do not hesitate to contact the United States Commercial Service at the U.S. Mission to the EU (<http://www.useu.be>). You should also seek legal counsel, given the complexity of EU competition law.

4.2 *Direct Marketing*

4.2.1 *Introduction*

There is a broad range of EU legislation that impacts on activities in the direct marketing sector. Compliance requirements are stiffest for direct marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on data protection, distance selling and

on-line commerce. Companies are advised to consult the information available via the hyper-links, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the United States Mission to the EU for more specific guidance.

4.2.2 Processing Customer Data

The EU's [Directive on data protection](#) (95/46/EC) spells out strict rules on the processing of personal data. Marketers must tell consumers that they are collecting data, what they intend to use it for, and with whom it will be disclosed. *Data subjects* must be given the opportunity to object to the processing of their personal details and to opt-out of having them used for direct marketing purposes. This opt-out should be available both, at the time of collection and at any point thereafter. The [Directive on data privacy in telecoms sector](#) (97/66/EC) specifies that potential customers must give their active and prior consent to receiving marketing communications via automated telephone calls or faxes. The EU is currently examining a proposal to update that Directive (2000/385) and is considering extending this opt-in requirement to all unsolicited email, fax or automated telephone marketing.

4.2.3 Transferring Customer Data to Countries Outside the EU

Strict rules apply to the export of personal data outside the European Union. Direct marketing operations that collect data from EU customers and then wish to transfer it back to the United States or other countries outside the EU have a range of compliance options open to them. The [Directive on data protection](#) (95/46/EC) sets out that data can only be transferred to recipients providing adequate data protection. In order to provide a streamlined means for US organizations to comply with the Directive, the U.S. Government, in consultation with the European Commission, developed a [Safe Harbor program](#). Companies can continue to receive data from the EU if they join the Safe Harbor by publicly committing themselves to certain data privacy principles that reflect the Directive's requirements. The framework is a self-regulatory one, but is ultimately backed by the possibility of action by the Federal Trade Commission or the Department of Transportation. Unfortunately the benefits of the framework are only open to those industries that come under the jurisdiction of the FTC of the DoT. Telecoms companies, whose activities fall under FCC supervision, and financial services companies, for example, are not included.

Another means to export data is to secure the unambiguous consent of the data subject. Data exporters may also use the contractual route by drafting agreements with third country (e.g. U.S.) data importers that guarantee protection of the data transferred. The European Commission has recently approved [standard clauses](#) that will be assumed by National Data Protection Authorities DPAs to provide adequate protection. Companies must bear in mind that the transfer of personal data to third countries is a processing operation that is subject to national law, regardless of any safe harbor, contractual or consent arrangements.

4.2.4 Distance Selling Rules

The EU's [Directive on distance selling to consumers](#) (97/7/EC) sets out a number of obligations for companies doing business at a distance with consumers. It can read like a set of onerous do's and don'ts; but in many ways, it really represents nothing more than a

customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of the supplier, full details on prices including delivery costs, and the period for which the offer remains valid – all of this, of course, before a contract is concluded. Such transparency requirements are also covered in the e-commerce Directive (see below). Customers have the right to return goods within 7 days without having to explain why and retain the right to compensation for faulty goods thereafter. Financial services are not covered by this Directive, but are the subject of a [separate proposal](#) that is currently being discussed by Member States.

4.2.5 Direct Marketing Over the Internet

The [e-commerce Directive](#), which Member States must implement by January 2002, imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers, and the terms that must be met to qualify for them have to be easily accessible and clear. Indeed companies need to make sure that all their commercial communications are clearly represented, as such. The Directive requires e-mail sales efforts to be clearly identifiable to the consumer when he / she receives them. Under existing legislation, Member States can choose between an opt-in system, under which unsolicited commercial communication may be sent only with the consent of the recipient, or an opt out system, where the recipient signals him / herself if he / she does not wish to receive such contacts. The Directive requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law.

4.3 Advertising and Trade Promotion

Laws against misleading advertisements differ widely from Member State to Member State within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a Directive which has been in force since October 1986 to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." Member States can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor".

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the offerer.

The advertising of medicinal products for human use is also regulated by a Council Directive. Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted and if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted,

nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

In July 1998 the Council adopted legislation banning advertising and sponsoring of tobacco products which immediately entered into force. Member States had 3 years for transposition into national law and could defer implementation for one additional year "in respect of the press and two years in respect of sponsorship". The legislation ends all press, radio, cinema, billboard, and poster advertising of tobacco and tobacco products. Publicity is only allowed inside tobacco shops. Other goods produced by tobacco groups, such as clothes carrying cigarette-brand logos, are also banned if they promote a tobacco product. Sponsorship itself is not outlawed, but tobacco brand logos will be banned after October 1, 2006.

More recent legislation on advertising includes a Directive of March 2000 (2000/13/EC) on the labeling, presentation and advertising of foodstuffs. Advertising methods must not "mislead the purchaser to a material degree", or "attribute to any foodstuff the property of preventing, treating or curing a human disease". A proposal for a Directive of the European Parliament and the Council has also been released which, if passed, would regulate tobacco advertising and related sponsorship, apart from that on television already regulated by other Community legislation; tobacco advertising using information technology services; and free distribution of tobacco products likely to undermine these provisions. This legislation is intended to replace Directive 98/43/EC of 6 July 1998, which was annulled by a ruling of the European Court of Justice.

4.4 Sales Service/Customer Support

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, the EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

- product liability:

The producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim. A "development risk" can also free the manufacturer from liability. The statute of limitations is ten years.

- product safety (pending adoption):

The Directive on General Product Safety has been revised to include an obligation on the producer and distributor to notify the Commission in case of a problem with the product, provisions for recall, the creation of a European Product Safety Network, and a ban on exports of products which are not deemed safe in the EU to third countries.

- labeling legislation, language use:

A number of nutrition, pricing and information labeling rules have been adopted, not only to facilitate the free movement of goods, but also to ensure better information and protection for the consumer. The use of language on labels has been the subject of a Commission communication, which encourages multilingual information, while preserving the freedom of Member States to require the use of language of the country of consumption.

- legal warranties and after-sales service:

In July 1999, the Council adopted a Directive on the sale of consumer goods and associated guarantees, which foresees a warranty period of two years starting with the delivery of the good. The remedies available to consumers in case of non-compliance are:

- repair of the goods
- replacement of the goods
- a price reduction
- rescission of the sales contract.

Other issues pertaining to consumers' right and protection, such as the New Approach directives, CE marking, quality control and data protection are dealt with in Chapter 6 of this CCG.

4.5 *Selling to the Government*

The EU public procurement market, including EU institutions and Member States and local governments, was worth about \$950 billion in 2000. This market is regulated by four "classic" Directives: public works, public supplies, public services and utilities. The Directives cover contracts above a certain threshold in all public sectors except utilities, which is regulated by a separate Directive applicable to private as well as public undertakings.

Large EU tenders for public works/supplies are open to American companies and will remain so under the terms of the Government Procurement Code. However, some contract opportunities in the utilities sector (water, transport, and telecommunications) are closed to U.S.-based companies because of certain articles in EU law permitting a local content requirement of 50%. Moreover, in the utilities sector, preference must be given to an EU bid over a non-EU bid if the bids are equivalent and the price difference is less than 3%.

Procurement rules are in the process of being reworked and simplified. Amendments include the clarification of existing Community Directives by merging the Supplies, Services and Works Directives. The second aim of the reform is to adapt procurement rules to modern administrative needs. Rules would be softened for complex contracts, where a dialogue between contracting authorities and tenderers is envisaged to determine the contract conditions (while maintaining the principle of transparency and equal treatment). In addition, contracting authorities would be able to specify their requirements in terms of performance and not only in terms of standards, which would make it easier for U.S. firms to bid on EU tenders. Lastly, the new proposal foresees the exclusion of the telecommunications sector from the Utilities Directive and provides for the exclusion of sectors such as water or electricity, once liberalization is achieved in these areas. U.S.

firms will be able to bid in these sectors once they are excluded from the Utilities Directive. The direct consequence of this move is that public or private telecoms operators will not have to follow procurement rules when awarding contracts. The changes proposed by the European Commission are currently being reviewed by the European Parliament, which should rule on the matter and submit any amendments during the fall of 2001.

The USG has achieved a number of successes in negotiations with the EU, including the Government Procurement Agreement and the Memorandum of Understanding, obtaining equal access for American companies for all central and subcentral government procurement in some utilities sectors, including the heavy electrical market sector.

Tenders financed with EU grants or loans are also governed by EU public procurement law, with the exception of procurements using the PHARE or ISPA (programs for Central and Eastern European countries) and TACIS (NIS) funds. In the latter cases, participating companies have to be based within the EU or the CEE/NIS countries and the goods supplied must have had their last substantial phase of manufacturing within the EU. (NOTE: detailed project financing is treated in Chapter 8).

EU public procurement announcements are available on CD rom, which can be ordered from EU official sales agents worldwide. Alternatively, the EU's website, <http://ted.europa.int/ojs/html/index2.htm>, offers access to EU public procurement announcements free of charge. The Commercial Service at the U.S. Mission to the EU (CS/USEU) assists U.S. firms in tracking procurement opportunities, by identifying public procurement offers open to U.S. firms.

4.6 Protecting Your Product from IPR Infringement

4.6.1 Copyright

The EU's legislative framework for copyright protection consists of a series of Directives covering areas such as the legal protection of computer programs, the duration of protection of authors' rights and neighboring rights, and the legal protection of databases. Almost all Member States have fully implemented the rules into national law; and the Commission is now focusing on ensuring that the framework is enforced accurately and consistently across the EU. Content creators looking to distribute on-line material will be encouraged by a recently adopted (May 2001) Directive covering copyright in the on-line environment ([Full text](#)). It guarantees authors' exclusive reproduction rights with a single mandatory exception for technical copies (to allow caching), and an exhaustive list of other exceptions which individual Member States can select and include in national legislation. This list is meant to reflect different cultural and legal traditions, and includes private copying "on condition right holders receive fair compensation". EU countries have until the end of 2002 to implement the new rules.

4.6.2 Patents

U.S. patents are not recognized in the European Union; so, companies will need to have corresponding patent protection to cover the EU market. Unfortunately there is not yet a single EU wide patent. This may change soon but for the moment the most effective way for a company to secure a patent across a range of EU national markets is to use the services of the European Patent Office (EPO) in Munich. It offers a one-stop-shop that

enables rights holders to get a bundle of nation patents using a single application. It is worth bearing in mind that the EU system is based on the first to file approach (as opposed to the U.S.' first to invent); so, securing such protection should be considered a priority. The EPO's address is Erhardstrasse 27, D-80331 Munich, Germany (Tel.: 49-89-23990 / Fax: 49-89-23994465). Their website is: <http://www.european-patent-office.org>.

4.6.3 Trademarks

The news is better for companies looking to secure EU wide protection for their trademarks. A Community Trademark exists and can be obtained via a single language application to the Office of Harmonization in the Internal Market in Alicante, Spain (<http://oami.eu.int>). It lasts ten years and is renewable indefinitely. Opting for a Community trade market does not mean abandoning national trademarks as a protection option; but for U.S. companies new to the EU market, the office in Alicante is an obvious option.

4.6.4 Trademark Exhaustion

Within the EU, the rights conferred on trademark holders are subject to the principle of "exhaustion". Exhaustion means that once trademark holders have placed their product on the market in one Member State, they cannot lose the right to prevent the resale of that product in another EU country. This has led to an increase in the practice of so called "parallel importing" whereby goods bought in one Member State are sold in another by third parties unaffiliated to the manufacturer. This community wide exhaustion rule is spelled out in the Directive on harmonizing trademark laws (89/104/EEC). In a report published in June 2000 the Commission indicated that it had no plans to propose extending this to exhausting trade mark rights for goods sold for the first time outside the EU market. This issue is worth following since some Member States still favor a move towards international exhaustion.

5. LEADING SECTORS FOR U.S. EXPORTS AND INVESTMENT

5.1 Best Prospects for Non-Agricultural Goods and Services

The overall market of the European Union is a differentiated one, with each Member State market having supply, distribution, demand, cultural and legal characteristics that merit individual attention. Thus, while a pan-European business strategy, as outlined in the Commerce Department's Showcase Europe initiative, is a must, tactics for market entry or expansion should be adjusted for each country. Readers should, therefore, consult the Country Commercial Guides produced by U.S. embassies in the fifteen Member States of the EU for information about export "Best Prospects", the investment climate, and other economic, political and commercial information for the country or countries of interest.

Overall, American companies generally find their best prospects in the EU at the upper-end of the technology scale. U.S. goods are well regarded and demand is driven much more by quality and performance than by price. The EU offers particularly good opportunities for American suppliers of goods and services in seven Showcase Europe strategic sectors (listed alphabetically): aerospace and defense, automotive, energy, environmental, information & communications technologies, medical & pharmaceutical, and travel & tourism. To access Country Commercial Guides and market information on each Showcase Europe strategic sector, please see the Showcase Europe web site, www.sce.doc.gov.

5.2 Best Prospects for Agricultural Products

With 376 million consumers, the EU is both one of the world's largest importers and exporters of agricultural products, accounting for approximately 20 percent of both total world imports and exports. In 2000 the EU was the third largest market for U.S. agricultural exports at \$6.2 billion. The value of exports has fallen steadily since 1996, mostly because of plunging commodity prices. Consistent with the global trend, the overall market for high-value consumer-oriented food products is the most promising growth area, with U.S. exports of these products to the EU reaching \$2.1 billion in 2000. There are, however, a number of agricultural product areas (see Chapter 6) where U.S. exporters may face problems in entering the EU.

Global branding and further integration of European markets is producing a more homogeneous food and drink market in Europe, but important national differences in consumption remain. Nevertheless, certain common trends are evident throughout the EU -- demand for greater convenience, more openness to non-traditional foods, and a growing interest in health foods, organics and other niche markets. For a thorough analysis of what commodities and products offer the best opportunities, access the website of USDA's Foreign Agricultural Service (FAS), www.fas.usda.gov, and consult the attaché reports for individual Member States.

The EU also offers excellent prospects for seafood products. Stricter domestic EU legislation on quotas, and reductions in the European fishing fleet have reduced supply in fishery products while demand has been stable, or even growing in certain countries. Analysis of the European seafood market, as well as trade opportunities, can be found on the National Marine Fisheries Service's website, www.nmfs.gov, or by contacting the NMFS European representative in Brussels.

5.3 *Significant Investment Opportunities*

For trade and project financing opportunities, please see Chapter 8.

6. TRADE REGULATIONS AND STANDARDS

6.1 *Trade Barriers*

For additional coverage of trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website: <http://www.ustr.gov> or <http://www.useu.be>. The following is an overview of new trade barriers.

- Testing of Animals

Animal testing is a hot button issue in many Member States, as evidenced also in the area of cosmetics. In the first reading of a revision to the Cosmetics Directive in April 2001, the European Parliament voted to ban the sale of cosmetics containing ingredients tested on animals. The European Parliament has criticized the cosmetics industry for not developing alternatives to animal testing more quickly, and advocates raising international public awareness of animal testing. In contrast to the European Parliament, the Commission favors an EU-wide animal testing ban for cosmetics, but not a sales ban. EU Member States have not yet agreed on a Common Position on the issue. Final adoption of the Directive is not expected until mid-2002.

- Discriminatory Value-Added Tax Treatment

The EU has adopted a Directive on the revision of VAT arrangements for the provision of telecommunications services. Pursuant to an amendment to the EU VAT rules that came into effect in January 2000, non-EU suppliers of telecommunications services to final consumers in the EU are required to register for and collect VAT in each Member State where they do business. Previously, non-EU suppliers selling into the EU had no VAT responsibility, a situation that EU officials believed put EU suppliers at a competitive disadvantage if the supplier was established in a country without VAT.

The European Commission has also proposed a Directive (7 June 2000) to modify the rules for applying VAT to certain services supplied by electronic means, including subscription-based and pay-per view television broadcasting. The proposed Directive's starting point is that goods delivered electronically should be regarded as services and that services should be taxed in the place of consumption. The potential impact on U.S. businesses would depend on whether they are established in the EU and whether they are selling digitally transmitted products to businesses or to final consumers. The proposal would require U.S.-based businesses selling to EU final consumers to register in at least one EU Member State and be liable for the collection of VAT on their sales. The proposed Directive needs the unanimous approval of EU countries before becoming law and Member States have not yet reached agreement on the modalities for its implementation. Because global solutions are required, the U.S. has urged the EU to await completion of work in the OECD on Internet taxation before moving ahead.

- Biotech Patenting

In 1998, the EU Council adopted a Directive on legal Protection of Biotechnological Invention. The Directive harmonizes EU Member State rules on patent protection for biotechnological inventions. Member States were required to bring their national laws into compliance with the Directive by July 30, 2000; however at least three EU Member States

have decided to postpone implementation. The Directive excludes plant and animal varieties from patentability and, although a positive development for U.S. firms, will not provide the same level of patent protection that is provided in the United States for biotechnological inventions. In addition, the Directive is not binding on the European Patent Office.

- Copyrights

EU Member states adopted in 2001 a Directive covering rules on copyright in the digital economy. Member states have eighteen months from June 2001 to implement the Directive. The framework legislation establishes a broad reproduction right for rightholders; permits an exception for cache, or temporary, copies; sets out an exhaustive list of optional copyright exceptions; and prohibits circumvention of anti-copying devices by all except those who benefit from explicit exceptions. Overall, the Directive provides a degree of harmonization to limit the inconsistencies triggered by different Member State approaches to protecting rights in a digital environment. However, the new rules represent a compromise, which leaves room for interpretation with regard to exceptions. Rightholders like the fact that the exception list is exhaustive but not that it's long and optional. In addition, different approaches to private copying and to compensation will continue to exist between Member States. Some EU countries, for example, impose levies on hardware and copying media.

- Copyright Protection for Databases

An EU Directive on the legal protection of databases extends copyright protection for fifteen years to the contents of a database, whether or not the material is otherwise eligible for copyright protection. However, this right is available to non-EU creators of databases only on the basis of reciprocity. The U.S. business community, while supportive of protection for databases as essential to a sound legal framework for Europe's information society, remains concerned about the impact the reciprocity provisions of the Directive will have on U.S. publishers of databases. Scientists worry that the Directive will make access to databases prohibitively expensive although the Directive permits Member States to allow exemptions for groups accessing data for research or education.

- Requirements for Agricultural Biotechnology Products

Biotechnology remains one of the thorniest issues in agricultural trade. U.S. corn exports to Europe have ceased because the EU has failed to approve many new varieties of genetically-modified corn. A de facto moratorium on new product approvals is expected to continue at least until the EU Commission presents draft proposals on labeling and traceability of biotech ag products and on biotech food, feed and seeds (pending). In return, the Commission hopes Member States will agree to pre-implementation of the EU's revised basic regulatory legislation, Directive 01/18 (formerly Directive 90/220) and allow approval of biotech products to resume. However, this is not at all sure. The EU also requires special labeling of foods containing GM ingredients, but has not defined a testing method, placing a significant burden on exporters.

- Labeling Requirements for Biotechnology Products

In the United States, production processes do not have to be labeled. Products of modern biotechnology only require labeling if they are significantly transformed and differ in

nutritional or functional characteristics. In the EU, all products containing or derived from genetically modified materials must be labeled. However, the regulations do not provide specifics on testing methods and other criteria. Only in January 2000 was a threshold of 1 percent for adventitious contamination published; no testing method has been defined. The vagueness of these regulations places a serious burden on exporters. For more information see <http://www.useu.be/biotech>.

Directive 01/18 is expected to be the "basis" for revision of the EU's Novel Foods Regulation, which governs food safety assessments and labeling for genetically modified food. Although the regulation calls for labeling of all new processed foods and food ingredients, including those containing GMOs, it does not provide specifics on tolerances, testing methods, or other criteria. Because the Novel Foods Law was passed after the EU had approved sale and import of "BT-corn" and "Round-up Ready" soybeans, another regulation was passed in May 1998 to require labeling of foodstuffs derived from these two GMOs. The regulation went into force in September 1998. As the requirement lacks specifics on testing, tolerances, and other details, implementation of the regulation may vary among individual Member States.

- Specified Risk Material (SRM) Ban

Commission Decision 2000/418 of June 29, 2000 (complemented by Commission Decisions 2001/2, 2001/233 and 2001/270) harmonized rules for the removal by Member States of specified risk materials presenting BSE risk as of October 1, 2000. All Member States were required to enforce the EU requirement that slaughterhouses and authorized meat cutting and processing plants must remove the skull, including the brain and the eyes, the tonsils, the spinal cord and the ileum in cattle over 12 months; the intestines and the vertebral column; the skull, including the brain and the eyes, the tonsils and the spinal cord of sheep and goats over 12 months or of younger animals that have a permanent incisor erupted through the gum; and the spleen of sheep and goat of all ages. Furthermore, the UK and Portugal, which have a higher BSE incidence, have to remove all materials listed above and additionally remove the whole head (excluding the tongue and including the brains, eyes, trigeminal ganglia and tonsils), the thymus, the spleen, and the spinal cord of cattle above 6 months.

Commission Decision 2001/270 of March 29, 2001 clarified SRM requirements for third countries exporting meat and meat products to the EU. All Specified Risk Materials except vertebral column (which can be removed at point of sale) will have to be removed by exporting countries as of April 1, 2001, except for those countries which have been classified by the EU's Scientific Steering Committee (SSC) as highly unlikely to have BSE, i.e. under "Geographical BSE Risk I" (GBR I). These included Australia, Argentina, Botswana, Chile, Namibia, New Zealand, Nicaragua, Paraguay, Uruguay and Swaziland. Imports of SRMs are banned. Imports of meat, meat products, minced beef and meat preparations should be accompanied by certification that they do not contain SRMs or mechanically recovered meat and are not derived from animals which have been slaughtered through gas stunning or "pithing".

Commission Decision 2000/418/EC will apply until implementation of transitional measures foreseen in the new EU legislation on protection against Transmissible Spongiform Encephalopathies, which was adopted by the EU Council and Parliament in May 2001. Transitional measures are likely to enter into force on October 1, 2001.

- Medical Devices

A Draft Commission Decision concerning Medical Devices and Transmissible Spongiform Encephalopathies (TSEs), released on May 16, imposes strict requirements on manufacturers using animal tissues by specifying that animals shall be no less than 6 months of age with no declared diseases.

- Emergency Measures for Coniferous Non-Manufactured Wood Packing Material

The EU Commission has adopted emergency measures requiring the treatment and marking of all new and used coniferous (e.g. pine, spruce, fir) non-manufactured wood packing material (NMWP) originating in the United States, Canada, China, or Japan beginning October 1, 2001, to prevent the introduction of the pinewood nematode. The pinewood nematode is a microscopic eelworm which has caused extensive mortality in pines in Japan and China.

European concern over the possible introduction and establishment of the pinewood nematode has heightened over the past couple of years after an outbreak in Portugal and interceptions of the pinewood nematode in NMWP from the United States, Canada, China, and Japan. The source of the outbreak in Portugal has not been positively identified but packaging material is believed to have been the likely pathway.

Work is currently underway in the United States to set up a program to meet the measures adopted by the EU. The United States has chosen to utilize the heat treated or kiln-dried mitigation option to eliminate this pest on NMWP. The International Plant Protection Convention, which is recognized by the World Trade Organization as the official plant protection body, will likely adopt measures very similar to those of the EU in April 2003 for all NMWP (softwoods and hardwoods). The American Lumber Standard Committee (ALSC), at the request of USDA's Animal Plant Health Inspection Service (APHIS), has agreed to develop and oversee the United States' program. The program will require on-site inspections of NMWP manufacturing facilities to verify compliance. On-site inspections will be done by inspection agencies accredited by ALSC. The ALSC's draft policy on NMWP and draft NMWP enforcement regulation are available for review. Further information and a list of frequently asked questions about the new requirements can be found on the following website: <http://www.aphis.usda.gov/ppq/swp/eunmwp.html>.

- Ban on Use of Growth Promoters

In early 1998, a WTO Appellate body upheld a ruling against the EU's import ban on beef produced with growth promoters. This ban has been in place since 1989 and has severely limited U.S. exports of beef and other products to the EU since that time. The United States is currently exporting beef to the EU only under the "Non-hormone treated cattle program". More information regarding this program can be found on the following website: <http://www.ams.usda.gov/lsg/mqc/nhtc.htm>.

- Beef Labeling

In July 2000, the EU approved new rules for compulsory beef labeling, which are to be applied in two stages. Stage one (requiring indications of the place of slaughter on the label) started on September 1, 2000. The second stage (requiring country of birth and

fattening) is to begin on January 1, 2002. Imported beef is only required to have place of slaughter on the label.

U.S. beef exports under the "Non-hormone treated cattle program" currently fulfill the Commission's labeling requirements. U.S. labeling claims such as USDA Grade, Choice, etc., can still be used in addition to the mandatory labeling.

- Aflatoxin Limits

In July 1998, the EU adopted a regulation harmonizing maximum levels of aflatoxin in peanuts, tree nuts and dried fruits, cereals and milk, effective January 1, 1999. At the same time, a directive specifying sampling methods to be used after 31 December 2000 was adopted. The United States considers the maximum limits unjustifiably low in relation to consumer exposure and risk, and believes that these levels create unnecessary trade disruptions without a corollary increase in consumer protection. Also, the sampling procedure has increased handling costs with no appreciable reduction of aflatoxin contamination in consumer products. The development of harmonized aflatoxin regulations in the EU has coincided with Codex discussions on this issue; however, within Codex the discussion was limited to peanuts for further processing and to milk. As a result of these two mutually influencing processes, the EU aflatoxin limit on peanuts for further processing is in line with the level adopted by Codex. A Codex standard for aflatoxin in milk still has to be adopted. The EU sampling plan and the sampling plan adopted by Codex are still divergent and the Codex sampling plan could only be adopted on an interim basis to provide time for experts to clarify some of the issues raised by the EU. (For detailed background, see <http://www.useu.be/agri>.)

- Restrictions Affecting U.S. Wine Exports to the EU

Current EU regulations require imported wines to be produced with only those oenological practices (i.e., wine treating materials and processes) authorized for the production of EU wines. However, since the mid-1980's U.S. wines have been permitted entry to EU markets by means of a series of extensions to temporary EU regulatory exemptions. Without these "derogations", the majority of U.S. wines would be immediately barred from entering the EU. The derogations have been renewed until 2003. EU regulations also require a wine-import certification document for each wine in each shipment. While certain qualifying U.S. producers are permitted to use a simplified procedure, others must go through the full documentation and testing process. The United States and the EU continue formal negotiations on these and other wine-related issues to ensure that the EU market remains open to U.S. wine.

- Roofing Shingles

The Commission mandated CEN to draft a harmonized standard on roofing shingles under the EU's Construction Products Directive (CPD). CEN proposed the existing EN 544 roofing shingle standard, which was voluntarily developed prior to the CPD. U.S. industry has a problem with the limited scope of the EN 544, as it does not take into account light weight roofing shingles which are currently on the EU market. U.S. industry has been invited to supply export statistics to make their case against the potential trade barrier if EN544 is adopted as a harmonized standard. In the meantime, members of CEN's Technical Committee, the CEN consultant and the Commission are looking for an acceptable solution, such as limiting the scope of the standard and encouraging U.S.

manufacturers to initiate a standard drafting process for light weight roofing shingles at the European Organization for Technical Approvals (EOTA). The USG is working with U.S. industry and the Commission to resolve this issue before it becomes a trade barrier.

- Gas Connector Hoses

The draft CEN standard on gas connector hoses for domestic use includes design specifications that support fixed or welded connections only. If adopted as is, the standard would force a small U.S. manufacturer of non-welded or brazed gas connector hoses to redesign or lose market access. At the root of the problem are competitive European interests and entrenched doubts about safety of alternative gas connections. The USG and industry have raised concerns about the acceptance of a design, rather than a performance-based standard in CEN and the Commission.

- Anchor Bolts

Under the CPD, the European Organization for Technical Approvals (EOTA) has developed an anchor bolt technical specification that would require all anchor bolts to meet high performance requirements. As U.S. manufacturers produce anchor bolts for normal performance/risk, they would be excluded from the market. The USG has enlisted the Commission's support for amendments to the flawed anchor bolt specifications.

6.2 Customs Valuation

Tariffs and Import Taxes: Information on customs valuation is contained in Title II, Chapter Three, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code, titled, "Value of Goods for Customs Purposes" (Articles 28 through 36). The primary basis for determining customs value set out in Articles 29 is:

"... the transaction value, that is, the price actually paid or payable for the goods when sold for export to the customs territory of the Community..."

Article 29 lists the following conditions, which must be met in determining customs value:

- that there are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which are imposed or required by a law or by the public authorities in the community, limit the geographical area in which the goods may be resold, or do not substantially affect the value of the goods;
- that the sale or price is not subject to some conditional consideration for which a value cannot be determined with respect to the goods being valued;
- that no part of the proceeds of any subsequent resale disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with Article 32; and
- that the buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for customs purposes.

The "price actually paid or payable" in Article 29 refers to the price for the imported goods. Thus the flow of dividends or other payments from the buyer to the seller that do not relate to the imported goods are not part of the customs value.

Articles 32 and 33 provide for adjustments to the value for customs purposes. Article 32 lists charges that are added to the customs value, such as, commissions and brokerage, costs of containers, packing, royalties and license fees, and the value of goods and services supplied directly or indirectly by the buyer in connection with the production and sale for export of the imported goods. Article 33 lists charges that are not included in the customs value, such as, charges for transport, charges incurred after importation, charges for interest under a financing arrangement for the purchase of the goods, charges for the right to reproduce imported goods in the Community, and buying commissions.

Effective July 1, 1995, the Commission amended Article 147(1) of Regulation 2454/93 of the Customs Code which affects valuation in the case of successive sales. Previously, importers had a certain amount of freedom to select whichever export sale in a chain of sales they desired. This amendment "defaults" valuation to the last sale, however, allows the value of an earlier sale if it can be demonstrated that such a sale took place for export to the EU. The evidentiary requirements to support the bona fides of any earlier sales will be based upon commercial documents such as purchase orders, sales contracts, commercial invoices, and shipping documents.

Regulation 2913/92 may be viewed on the following website, http://www.europa.eu.int/eur-lex/en/lif/dat/1992/en_392R2913.html. Regulation 2454/93 may be viewed on the following website, http://www.europa.eu.int/eur-lex/en/lif/dat/1993/en_393R2454.html.

6.3 *Import Licenses*

The integrated tariff of the European Union, known as TARIC, is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check column five of the TARIC.

In addition, many EU Member States maintain a list of goods subject to import licensing. For example, Germany's "Import List" (Einfuhrliste) includes goods for which licenses are required, their code numbers, any applicable restrictions, and the agency that will issue the relevant license. The Import List also indicates whether the license is required under German or EU law. For information relevant to Member State import licenses, please consult the relevant Member State Country Commercial Guide.

To search the TARIC by country of origin, Harmonized System Code, or product description, please see the Directorate-General Taxation and Customs Union website, http://www.europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm. The TARIC is updated annually in April. To view the entire TARIC for April 2001 - April 2002, please see the following web page, <http://www.europa.eu.int/eur-lex/en/oj/2001/ca11920010423en.html>. To view the instructions that accompany the TARIC, please see the following web page: http://www.europa.eu.int/eur-lex/en/oj/2001/c_11920010423en.html.

6.4 *Import Documentation*

6.4.1 *Import Documentation (Non-agricultural)*

The official model for written declarations to customs under “Normal Procedure” is the Single Administrative Document (SAD). Other forms may be used for this purpose where the provisions of the customs procedure in question permit.

Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93 of July 2, 1993, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III, of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57).

Goods brought into the customs territory of the Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document which contains the particulars necessary for identification of the goods. The summary declaration may also be in computerized form.

The summary declaration is to be lodged by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

Regulation 2913/92 may be viewed on the following website, http://www.europa.eu.int/eur-lex/en/lif/dat/1992/en_392R2913.html. Regulation 2454/93 may be viewed on the following website, http://www.europa.eu.int/eur-lex/en/lif/dat/1993/en_393R2454.html.

6.4.2 Import Documentation (Agricultural)

Phytosanitary Certificates: Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

Sanitary Certificates: For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption or pharmaceutical use or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). Many of these certificates are uniform throughout the EU but the harmonization process has not been finalized yet. During this transition period, certain Member state import requirements continue to apply. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.useu.be/agri/certification.html>.

Sanitary Certificates (Fisheries): Since March 2001, the EU imposes new health certificates for seafood requiring the distinction between fishery and aquaculture products. One of the objectives of these certificates in terms of risk assessment is to measure the rate of heavy metal within fish products (aquaculture products in particular) in order to comply with new safety standards.

6.5 Labeling and Marking Requirements

This chapter covers a series of linked issues, including standards (normally covered in 6.7.1), testing, and certification, as well as labeling and marking requirements.

EU Member States still have widely differing standards, testing and certification procedures in place for some products. These differences may serve as barriers to the free movement of products within the EU and can cause lengthy delays in sales due to the need to have products tested and certified to account for differing national requirements. Yet, a lot of barriers have been progressively removed by the adoption of harmonized EU product legislation. In the seventies and early eighties, the EU Commission adopted highly technical and detailed regulations to harmonize specific industry sectors (e.g., chemicals, pharmaceuticals, foodstuffs, automotive, textiles, cosmetics - see www.europa.eu.int/comm/enterprise website and look for industry sectors under “policy”). Typically, this type of legislation requires the centralized approval of a competent authority, which will be recognized by the other EU Member States.

In the eighties, the “new approach” was launched to overcome the lengthy adoption process of “old approach”-type legislation. The goal of the European Union's harmonization program under the "New Approach" is to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protection equipment, non-automatic weighing machines, medical devices, gas appliances, hot water

boilers, and telecommunication terminal equipment. Under the new approach, Directives cover essential safety and health requirements. The three regional European standards organizations, CEN, CENELEC and ETSI, are mandated by the Commission to develop technical standards that are consistent with the essential health and safety requirements of EU Directives. The standardization process is open to EU-based companies only.

Products manufactured to these standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, would be presumed to conform to the requirements of EU Directives. (Legislation, as well as a list of harmonized standards, can be found on the www.newapproach.org website). The manufacturer then applies the CE Mark and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to comply with the CEN/CENELEC/ETSI standards, but it must then demonstrate the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance standards are developed by the European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

A product manufactured in conformity with EU legislation in one Member State will be guaranteed automatic access to the markets of all the other Member States and the European Economic Area (EEA). U.S. manufacturers who obtain the CE mark also will be guaranteed access to all of the markets in the Member States of the European Union as well as the EEA. As the EU recently signed preferential trade agreements with certain central and Eastern European countries covering specific sectors, self-certified CE marked products will be allowed free access to the markets of these pre-accession countries (i.e., Hungary, the Czech Republic, and by the end of 2001, Latvia).

It is important to note that the new approach deals with large families of products--machinery, gas appliances, pressure equipment, toys, and construction products--or horizontal risks, such as those addressed in the EU's Electromagnetic Compatibility Directive (EMC), as opposed to being product-based as under the old approach. It is possible that some products may be governed by more than one Directive because different risks may be dealt with under separate Directives. In cases where more than one Directive may apply, the CE mark can only be affixed if the product complies with all of the appropriate provisions in all of the Directives applicable to the product.

EU Directives are addressed to the Member States who have to transpose them into national law. The Directives define a schedule for adoption, publication and implementation of national provisions. New approach Directives also recognize a transitional period during which existing national provisions and new legislation will co-exist. In such cases, the manufacturer has a choice of following either of these series of conditions.

The CE mark addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark must be affixed to the product, to its data plate or, where this is not possible or not warranted on account of the nature of the product, to its packaging, if any, and to the accompanying documents by the manufacturer, the authorized representative in the

European Union or, in exceptional cases, by those responsible for placing the product on the market. The CE mark must be affixed visibly, legibly and indelibly. Where special provisions do not impose specific dimensions, the CE mark must have a height of at least 5 millimeters.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE mark, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or the documents accompanying the product. New approach legislation provides for the issuance of a declaration of conformity by the manufacturer and often requires a certificate of conformity from an independent certification body.

The independent certification bodies, known as notified bodies (www.europa.eu.int/comm/enterprise/newapproach/legislation/nb/listnotifiedbodies.pdf) have been officially notified by competent authorities to test and certify to EU requirements. However, under the U.S./EU Mutual Recognition Agreements, notified bodies based in the United States and referred to as conformity assessment bodies, will be allowed to test in the U.S. to EU specifications, and vice versa. The costs will be significantly lower and U.S. products will, as a result, become more competitive. At the moment, the U.S./EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force).

In addition to CE mark, the EU adopted legislation in 1992 to distinguish environmentally friendly production through a voluntary labeling scheme called the ecolabel. The symbol, a green flower, is a voluntary mark, awarded to producers who can show that their product is less harmful to the environment than similar products. The EU ecolabel, if available for the products in question, replaces existing national label equivalents. Ultimately, as many as twenty-five consumer products, including washing machines, dishwashers, soil improvers, toilet paper, paper towels, laundry detergents, light bulbs (single-ended and double-ended), paints and varnishes, bed linens and t-shirts, photocopy paper, and refrigerators, may be covered (see www.europa.eu.int/comm/environment/ecolabel/index.htm). Even seafood products will be considered subject to an ecolabel, according to a Commission Proposal intending to reform the Common Fishery Policy. Use of the voluntary ecolabel may give presumption of conformity to the essential requirements in proposed environmental legislation, such as the draft Directive on the Impact on the Environment of Electrical and Electronic Equipment (EEE).

Products without the EU ecolabel can still enter the EU as long as they meet the existing health, safety, and environmental standards. Applications for an EU ecolabel must be addressed to an EU competent body and should include all necessary certification and documents. EU ecolabel evaluation will be done based on product group definitions and ecological criteria. Each decision to award the EU ecolabel must be cleared with other Member States' competent bodies. Objections can be raised within a 30-day period. If there are none, the EU ecolabel is then awarded, against a fee for application, for a specified period of use. There are concerns in the U.S. that the EU ecolabeling program may become a de facto trade barrier; may not enhance environmental protection in a

transparent, scientifically sound manner; may not be open to meaningful participation by U.S. firms; and may discriminate unfairly against U.S. business.

Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary label schemes may still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes. For more information on national labeling schemes, please see the relevant Member State(s) Country Commercial Guide(s).

6.6 *Prohibited Imports*

The TARIC is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check column five of the TARIC for that product for the following codes:

CITES	Washington Convention on International Trade of Wild Flora and Fauna Threatened by Extinction.
PROHI	Import Suspension
RSTR	Import Restriction

To search the TARIC by country of origin, Harmonized System Code, or product description, please see the Directorate-General Taxation and Customs Union website, http://www.europa.eu.int/comm/taxation_customs/dds/en/tarhome.htm. The TARIC is updated annually in April. To view the entire TARIC for April 2001 - April 2002, please see the following web page, <http://www.europa.eu.int/eur-lex/en/oj/2001/ca11920010423en.html>. To view the instructions that accompany the TARIC, please see the following web page: http://www.europa.eu.int/eur-lex/en/oj/2001/c_11920010423en.html.

6.7 *STANDARDS*

6.7.1 *Non-agricultural Standards*

Non-agricultural standards are covered in section 6.5, above.

6.7.2 *Agricultural Standards*

Veterinary Equivalency: see trade barriers

Meat products: All beef, pork, wild game and farmed game meat, ratites and horsemeat imported into the European Union for human consumption must come from slaughterhouses, cutting plants, and cold stores that have been approved by the EU. Shipments must be accompanied by an EU certificate, issued by the Food Safety and Inspection Service of the U.S. Department of Agriculture (FSIS). Since 1989 the EU has prohibited the import of meat from cattle treated with growth hormones. (Lists are available on the Internet: <http://www.useu.be/agri/estab.html>.)

Dairy products: As of April 1, 1997, the EU is requiring that imports of all dairy products be accompanied by a uniform health certificate. The U.S. Department of Agriculture's Agricultural Marketing Service (AMS) issues these certificates to firms on the list of establishments maintained by FDA and published by the EU. U.S. legislation on domestic dairy production is considered to provide sufficient guarantees for compliance with EU requirements, with the exception for somatic cell and plate counts for which companies have to provide additional guarantees. The U.S.-EU Veterinary Equivalency Agreement sets the conditions of equivalency, versus strict compliance, under which U.S. dairy products establishments can be placed on the new harmonized EU import list. (List are available on the Internet: <http://www.useu.be/agri/estab.html>.)

Live Animals, frozen animal semen, embryos, and hatching eggs: Animals that qualify for export to the European Union are issued a health certificate signed by APHIS officials (USDA's Animal and Plant Health Inspection Service). To guarantee that semen, embryos and hatching eggs meet EU import requirements, the same type of background check on herds and flocks of origin is needed as for live animal shipments. Imports of embryos and semen have to come from an EU-approved list of U.S. establishments. (Lists are available on the Internet: www.useu.be/agri/estab.html.)

Animal Casings: Casings imported into the EU have to be sourced from an EU-approved list of U.S. establishments. These establishments must be able to guarantee that they meet the EU's health requirements. (List available on the Internet: <http://www.useu.be/agri/estab.html>.)

Consumer-ready agricultural products: The EU is in the process of developing horizontal directives that would establish standards applicable to all food products. So far, directives have been adopted on labeling, pre-packaged and deep frozen food, substances in contact with food, additives, dietetic foods, protection of geographic designations and designation of origin, contaminants, novel foods and irradiation. Other proposals amending or implementing the existing directives and proposals on nutritional claims, added vitamins, certain contaminants and a general food directive are in various stages of the legislative process.

Pesticide residue requirements: The European Union has developed EU-wide maximum residue levels (MRLs) for most commonly used pesticides. If no harmonized level has been established, individual Member State regulations are applicable.

Organic Production: USDA published the final rule implementing the Organic Food Production Act on December 21, 2000, opening the way for the United States and the EU to discuss mutual recognition of organic certification systems. Discussions could begin as early as fall 2001, but the timeline and outcome are unknown at this stage. In the meantime, U.S. exporters must continue to work through individual Member States to submit technical information on certified organic products for import approval on a case-by-case basis. For more information see <http://www.useu.be/agri/organics>. When the U.S. rule is fully implemented in October 2002, all organic products imported into the U.S. will have to comply with U.S. regulations, unless recognition agreements have been negotiated by that time.

The EU organic product legislation includes a requirement that organic product certifiers satisfy the standards established by EN 45011/ISO Guide 65. To assist U.S. organic

certifiers in meeting this requirement, USDA's Agricultural marketing Service (AMS) has developed a program providing assurances that organic certifiers meet the EN 45011/ISO Guide 65 standards. Most Member States accept AMS' ISO 65 accreditation, but still require additional information regarding production standards to ensure that they are in compliance with the EU regulation. For more information on the AMS program please visit <http://www.ams.usda.gov/lsg/mgc/iso65.htm>.

6.8 Foreign Free Trade Zones / Free Ports

See Chapter 7 for a treatment of free trade zones and free ports. For a legal cite, please also see Articles 166 - 182 of Council Regulation 2913/92, http://www.europa.eu.int/eur-lex/en/lif/dat/1992/en_392R2913.html; and for a full list of EU free trade zones, please see Official Journal of the European Communities number C345 of December 2, 1999, available on the Europa website, www.europa.eu.int.

7. INVESTMENT CLIMATE STATEMENT

7.1 Summary

The European Union and its fifteen Member States provide one of the most open climates for U.S. direct investment in the world, with well-established traditions concerning the rule of law and private property rights, transparent regulatory systems, freedom of capital movements and the like. The treatment of U.S. investment is largely the responsibility of the individual Member States, and prospective investors should refer to specific Country Commercial Guides for details concerning the economic, political and social systems of the country or countries in which they are interested (available on www.usatrade.gov or www.sce.doc.gov).

The European Union traditionally had no role in determining the conditions under which third country investors could establish investments; as such, its main role was to ensure that firms (including those owned or controlled by non-EU nationals) already established in one Member State were not discriminated against by others. In 1993, the EU acquired responsibilities over capital movements and the treatment of new third-country investor. There is thus a possibility that discriminatory measures may arise in specific areas as the EU proceeds to "harmonize" Member State approaches to third country investors, but the climate for U.S. investment is expected to remain excellent for the foreseeable future.

7.2 Openness to Foreign Investment

7.2.1 EU Treaty Provisions Governing Investment: Historical Background

The European Union has perhaps one of the most hospitable climates for U.S. investment in the world. This reflects, in part, the process of European integration. One of the most remarkable, if least noted, aspects of the 1957 Treaty (Treaty of Rome) which established the European Community (now Union) is that it created a near-perfect investment treaty among the countries which are part of the EU. Under EU Treaty Article 43, EU Member States must permit investors from other Member States to establish and conduct business on a national treatment basis. Investors have the right to transfer capital and earnings freely, and are guaranteed national treatment on expropriation. Finally, any violation of these rights can be adjudicated by the European Court of Justice, which may hear cases related to violations of treaty rights directly, or over-turn national court decisions found inconsistent with the treaty. This was a remarkable achievement, given that the six original signatories to the treaty had been at war with one another a decade previously.

The 1986 Single European Act further reduced barriers to intra-EU investment, and even created opportunities for companies from one Member State to receive better than national treatment in another. This is most obviously the case in the financial services sector, where, for example, German universal banks can conduct securities business freely in other Member States, even if local banks are not allowed by their licensing authority to do so.

Prior to the 1992 Treaty on European Union, the Community itself had virtually no role in determining the conditions which would affect the entry of investors from third countries into the territories of the Member States. While the Member States were compelled by the Treaty to grant national treatment to investors from other EU countries, they could erect

and maintain barriers to investors from non-EU countries, consistent with their international obligations. (Note: the latter include the Treaties of Friendship, Commerce and Navigation (FCNs) which the U.S. has with most EU countries, as well as obligations under the OECD codes on capital movements and invisible transactions.) The only role Community law played was to ensure that a foreign-owned company that was established in one EU Member received non-discriminatory treatment in other Member States, as mandated under Article 43 of the EU Treaty.

The EU's ability to regulate Member State treatment of incoming foreign investment increased considerably in 1993 when an EU treaty revision abolished all restrictions on the movement of capital (including direct investment operations), both between EU Member States and between Member States and third countries (article 56). However, EU Member State measures in force on December 31, 1993 denying national treatment to third country investors were grandfathered. The Treaty (Article 57) now expressly provides for the adoption of common regimes in these areas: "The Council may, acting by a qualified majority on a proposal from the Commission, adopt measures on the movement of capital to or from third countries involving direct investment establishment, the provision of financial services or the admission of securities to capital markets. Unanimity shall be required for measures under this paragraph which constitute a step back in Community law as regards the liberalization of the movement of capital to and from third countries." There is, therefore, a possibility that discriminatory measures may arise in specific areas as the EU proceeds to "harmonize" Member State approaches to third country investors, but the climate for U.S. investment is expected to remain excellent for the foreseeable future.

In June 1997, the Commission issued an interpretative Communication clarifying the scope of EU treaty provisions on capital movements and the right of establishment. The Commission took this initiative because certain EU Member States had imposed limits on the number of voting shares that investors from other EU Member States could acquire in privatization operations. The Communication stresses that free movement of capital and freedom of establishment constitute fundamental and directly applicable freedoms established by the EU Treaty. Nationals of other Member States should, therefore, be free to acquire controlling stakes, exercise the voting rights attached to these stakes and manage domestic companies under the same conditions laid down in a Member State for its own nationals. In April 2001, the Commission reaffirmed the validity of its interpretative Communication on investment.

7.2.2 Ownership Restrictions and Reciprocity Provisions

EU Treaty Articles 43 (establishment) and 56/57 (capital movements) have helped the EU to achieve one of the most hospitable climates for U.S. investment in the world. However, restrictions on foreign direct investment do exist and others have been proposed.

Under EU law the right to provide aviation transport services within the EU is reserved to firms majority-owned and controlled by EU nationals. The right to provide maritime transport services within certain EU Member States is also restricted.

EU banking, insurance and investment services directives include "reciprocal" national treatment clauses, under which financial services firms from a third country may be denied the right to establish a new business in the EU if the EU determines that the investor's

home country denies national treatment to EU service providers. However, U.S. firms' right to national treatment in this area was reinforced by the EU's GATS commitments.

Under the 1994 hydrocarbons Directive (Directive 94/22/EC), the notion of reciprocity may have been taken further to require "mirror-image" reciprocal treatment, under which an investor may be denied a license to explore for and exploit hydrocarbon resources if its home country does not permit EU investors to engage in activities under circumstances "comparable" to those in the EU. It should be noted, however, that thus far, no U.S.-owned firms have been affected by these reciprocity provisions.

The U.S. and the EU continue to discuss the EU's evolving role with respect to foreign investment and the developments noted above in the OECD, the WTO and elsewhere.

7.2.3 Conversion and Transfer Policies

Europe's single currency, the Euro, and national EU Member State currencies are freely convertible; and the EU, like the United States, places virtually no restrictions on capital movements. Indeed, Article 56 of the EU Treaty specifically prohibits restrictions on the movement of capital and payments between Member States and between Member States and third countries, with the grandfathered exceptions, noted above. The adoption of the Euro in 12 of the 15 EU Member States (Denmark, Sweden and the United Kingdom do not participate in the single currency) has shifted currency management to the European Central Bank (ECB) and the EU Council of Ministers. As a result of this move, the Treaty provides for adoption of Union-wide exchange controls, on approval by a qualified majority of the Council. Note that with the introduction of Euro notes and coins on January 1, 2002, there will officially be dual circulation of both Euros and national currencies until July 1, 2002, although all 12 Euro participating countries have agreed to withdraw their respective currencies by February 28, 2002.

7.2.4 Expropriation and Compensation

The European Union does not have the right to expropriate property; this remains the exclusive competence of the Member States.

7.2.5 Dispute Settlement

Foreign investors can, and do, take disputes against Member State governments directly to local courts. In addition, any violation of a right guaranteed under the EU law -- which has been ruled supreme to Member State law, including constitutional law -- can be heard in local courts or addressed directly by a foreign investor with a presence in a Member State to the European Court of Justice. Further, all Member States of the European Union are members of the World Bank's International Center for the Settlement of Investment Disputes (ICSID), and most have consented to ICSID arbitration of investment disputes in the context of individual bilateral investment treaties. While the EU is not itself a party to ICSID or other such arbitration conventions, it has stated its willingness to have investment disputes subject to international arbitration.

7.2.6 Performance Requirements, Incentives

With implementation of Economic and Monetary Union on January 1, 1999, political pressure for a coordinated tax policy has grown; and tax incentives as a means of competing for investment are under increasing scrutiny. European Union grant and subsidy programs are generally available only for nationals and companies in the EU, but usually on a national treatment basis. Preference may be given to those applicants showing benefits to the local economy. See individual Country Commercial Guides for Member State practices (available on www.usatrade.gov or www.sce.doc.gov).

7.2.7 Right to Private Ownership and Establishment

The right to private ownership is firmly established in EU law, as well as in the law of the individual Member States. See above concerning regulations with respect to establishment.

7.2.8 Protection of Property Rights

Property rights are respected and protected in the EU and its Member States. The EU and/or its Member States adhere to all major intellectual property rights agreements, and offer strong IPR protection, including implementation of the WTO TRIPS provisions. See individual Country Commercial Guides for more information (available on www.usatrade.gov or www.sce.doc.gov).

7.2.9 Transparency of the Regulatory System

The EU regulatory system is considered generally transparent in that all laws and regulations are published in the Official Journal of the Communities. However, the rule making process itself (including the drafting, consultative, and approval processes) is not considered as operationally transparent as that to which U.S. firms may be accustomed. In addition, there are areas where division of legal authority between the EU and the national Member States is not clear, or where Member State implementation of EU Directives is not fully transparent or fully effective. See also individual Member State Country Commercial Guides, available on www.usatrade.gov or www.sce.doc.gov.

7.2.10 Efficient Capital Markets and Portfolio Investment

The EU treaty specifically prohibits restrictions on capital movements and payments between the Member States and between the Member States and third countries. Per Article 59 of the EU Treaty, where movements of capital to or from third countries cause or threaten to cause serious difficulties for the operation of Economic and Monetary Union, the Council may, by qualified majority, impose appropriate limitations on such flows for a period not to exceed six months.

Monetary union has spurred efforts to establish EU-wide capital markets. As this trend continues, pressure for more coordination among EU Member State regulatory authorities is increasing. This should increase both market and regulatory efficiency. EMU provisions give the European Central Bank authority over the European banking system in certain areas. The ECB in July 1998 set substantial reserve requirements for EU banks, underpinning the soundness of the banking system. However, at present, bank supervision remains with the EU Member States.

Some quasi-governmental European industrial standards setting bodies, such as CEN and CENELEC, do restrict foreign participation in their activities. Participation is effectively limited to those companies with manufacturing subsidiaries in the European Union.

7.2.11 Political Violence

Political violence is not unknown in Member States of the European Union, but it is, in general, extremely rare. Such incidents are almost always regional in nature, and individual Country Commercial Guides should be consulted for more details on problems in specific regions.

7.2.12 Corruption

Per EU treaty article 280, the EU and the national Member States are jointly responsible for the fight against fraud and corruption affecting the EU's financial interests. A detailed overview of EU and Member State achievements in this regard (e.g. legislation protecting the Euro against counterfeiting; public procurement legislation introducing a compulsory mechanism for excluding tenderers convicted of fraud/corruption) is provided in the Commission's year 2000 annual report on the fight against fraud. This report, presented in May 2001, is available on-line at

http://Europa.eu.int/comm/anti_fraud/documents/annual_reports/index_en.htm.

For the period 2001-2003, the Commission plans to:

- (1) develop a comprehensive and consistent policy to prevent and combat fraud and corruption. Among the measures envisaged are a systematic fraud proofing of EU legislative proposals and the development of a multi-annual training and assistance program underpinning EU legislation on the protection of the Euro against counterfeiting;
- (2) foster a culture of cooperation between all responsible authorities, with a key coordinating role laid down for the European anti-fraud office (olaf);
- (3) prevent and combat fraud inside the EU's institutions; and
- (4) strengthen the criminal law dimension of the fight against fraud. In this regard, the Commission argues in favor of the establishment of a European public prosecutor. The Commission also plans to encourage progress in EU Member State ratification of the 1995 Convention on corruption affecting the EU's financial interests (as of February 2001, five EU Member States still have to ratify the EU Convention).

All but one EU Member State (Ireland) has ratified the OECD Convention on combating bribery of foreign public officials in international business transactions. The implementing legislation of some countries, however, appears to fall short of the Convention's requirements. See individual Country Commercial Guides for more information (available on www.usatrade.gov or www.sce.doc.gov).

7.3 Bilateral Investment Agreements

The EU does not yet have any bilateral investment treaties in the traditional sense, although virtually all the Member States have extensive networks of such treaties with third countries. However, the EU's "Europe," "association" and other such agreements with preferential trading partners often contain provisions directly related to the treatment of investment, generally providing at least for establishment, and capital and profit repatriation. In the context of the EU's current enlargement negotiations with twelve EU accession candidates (Hungary, Poland, the Czech and Slovak republics, Slovenia, Romania, Bulgaria, Estonia, Latvia, Lithuania, Cyprus and Malta), the U.S. has conveyed to the EU its concern that U.S. bilateral investment treaties with accession countries not be adversely affected.

Other regional or multilateral agreements addressing the admission of investors to which the Community and/or its Member States have adhered include:

- the OECD codes of liberalization, which provide for non-discrimination and standstill for establishment and capital movements, including foreign direct investment;
- the Energy Charter Treaty (ECT), which contains a "best efforts" national treatment clause for the making of investments in the energy sector;
- the GATS, which contains an MFN obligation on all measures affecting the supply of services, including in relation to the mode of commercial presence.

During the year 2000 intergovernmental negotiations on EU treaty revision, the European Commission unsuccessfully argued that investment should be brought within the scope of the EU's "Common Commercial Policy", as defined by Article 133 of the EU Treaty. Therefore, competency over investment matters remains shared between the EU and the national Member States.

The EU supports the negotiation of a multilateral / plurilateral agreement governing investment as part of a next round of WTO negotiations.

7.4 OPIC and Other Investment Insurance Programs

OPIC programs are not available in the EU, as a whole, although individual Member States have benefited from such coverage. See individual Country Commercial Guides for details (available on www.usatrade.gov or www.sce.doc.gov).

7.5 Labor

Issues such as employment, worker training, and social benefits remain primarily the responsibility of the Member States of the EU. However, the Members are coordinating ever more closely their efforts to increase employment through macroeconomic policy cooperation, guidelines for action, the exchange of best practices, and programmatic support from various EU programs. The best information regarding conditions in individual countries is available through the labor and social ministries of the Member States. Helpful information from the EU can be found on the websites for the European Commission's Directorate-General for Employment and Social Affairs,

http://www.europa.eu.int/comm/dgs/employment_social/index_en.htm, and on the Eurostat website, <http://www.europa.eu.int/comm/eurostat>.

In general, the labor force in EU countries is highly skilled and offers virtually any specialty required. The Member States regulate labor-management relations, and employees enjoy strong protection. The EU Member States have among the highest rates of ratification and implementation of ILO conventions in the world.

There is a strong tradition of labor unionism in most EU Member States. In many cases, the tradition is stronger than the modern reality. While the Nordic Member States (Denmark, Finland, and Sweden) still have levels of membership in labor unions at near 80 percent or higher, many other large Members, most notably France, Germany, and the United Kingdom, have seen their levels of organization drop nearly to U.S. levels (about 20-30 percent).

7.6 Foreign Trade Zones / Free Ports

European Union law provides that Member States may designate parts of the Customs Territory of the Community as free trade zones and free warehouses. Information on free trade zones and free warehouses is contained in Title IV, Chapter Three, of Council Regulation (EEC) no. 2913/92 of October 12, 1992, establishing the Community Customs Code, titled, "Free Zones and Free Warehouses" (Articles 166 through 182).

Article 166 states that free zones and free warehouses are part of the Customs Territory of the Community or premises situated in that territory and separated from the rest of it in which:

- community goods are considered, for the purposes of import duties and commercial policy import measures, as not being on community customs territory, provided they are not released for free circulation or placed under another customs procedure or used or consumed under conditions other than those provided for in customs regulations;
- community goods for which such provision is made under community legislation governing specific fields qualify, by virtue of being placed in a free zone or free warehouse, for measures normally attaching to the export of goods.

Articles 167-182 detail the customs control procedures, how goods are placed in or removed from free zones and free warehouses and their operation.

The use of free trade zones varies from Member State to Member State. For example, Germany maintains a number of free ports or free zones within a port that are roughly equivalent to U.S. foreign-trade zones, whereas Belgium has none. A full list of EU free trade zones was published in the EU's Official Journal No. C345 of December 2, 1999.

7.7 Foreign Direct Investment Statistics

According to U.S. statistics, the historical cost value of U.S. investment in the fifteen Member States of the European Union as of end-1999 was USD 512.1 billion, or 45.2 percent of total U.S. direct investment abroad. The U.K. was the major EU host to U.S.

foreign direct investment (FDI), with USD 213 billion, or 41.6 percent of the total in the EU; followed by the Netherlands (USD 106.4 billion, or 20.8 percent); Germany (USD 49.6 billion, or 9.7 percent); France (USD 39.9 billion, 7.8 percent); Ireland (USD 19.8 billion, or 3.8 percent); Italy (USD 17.6 billion, or 3.4 percent); and Belgium (USD 17.3 billion, or 3.3 percent). These historical data understate the current value of U.S. investment in Europe, as much of it was undertaken between 1950 and the onset of the inflationary periods in the 1970s and 80s.

For virtually all EU Member States, the largest "foreign" investors are in fact from other Member States. Please consult individual Country Commercial Guides for more information (available on www.usatrade.gov or www.sce.doc.gov).

8. TRADE AND PROJECT FINANCING

EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects in a number of key sectors (e.g., environmental, transportation, energy, telecommunications, tourism, public health). From a commercial perspective, these initiatives create significant market opportunities for European firms of American parentage and their U.S.-based suppliers and subcontractors.

The EU supports projects within its Member States, as well as EU-wide "economic integration" projects that cross over both internal and external EU borders. In addition, the EU provides assistance to ten countries in Central and Eastern Europe, Malta, Cyprus and Turkey, all slated to eventually join the European Union, as well as some of the New Independent States of the former Soviet Union.

The European Union provides project financing through grants and loans. In specific, the Commission administers both, grants that are distributed through Member State national and regional governmental authorities (e.g., Structural and Cohesion Funds), and grants that it distributes itself (i.e., most education and research programs). Loans are disbursed from the European Investment Bank, which aims to further the objectives of the European Union by providing long-term financing for specific capital projects.

8.1 *Grants from EU Funds*

8.1.1 *The EU Structural Funds*

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring and agricultural reconversion. The EU earmarked EURO 195 billion for projects under the Structural Funds programs during the 2000-2006 period. In addition to funding economic development projects proposed by the Member States or local authorities, the EU Structural Funds also support specialized projects promoting EU socio-economic objectives. EU Member States negotiate regional and sectoral programs with officials from the regional policy Directorate-General at the European Commission. For information on current initiatives at the base of future project proposals, please see, http://www.inforegion.cec.eu.int/wbpro/Prosr/prog_en.cfm.

Local officials play an invaluable role in assessing the needs of their country; developing projects; evaluating bids; and, with the Commission, awarding contracts. To become familiar with available financial support programs in the Member States, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by EU Member State public contracting authorities during the implementation of projects supported by EU grants are subject to EU public procurement legislation. In particular, the public tender must meet the EU legal and minimum contract value requirements for the eligible sector. There are no overt prohibitions against the participation of European-based companies of American parentage, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects. All Structural Fund projects are co-financed by national authorities and may also qualify for a loan from the European Investment Bank. The private sector is also often involved in project financing.

8.1.2 Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy; and its EURO 18 billion (2000-2006) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in four countries: Ireland, Portugal, Spain and Greece. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

8.1.3 The Trans-European Networks

The European Union also provides financial support to the Trans-European Networks (TENs) to develop infrastructure, strengthen cohesion and increase employment across greater Europe. These will total EUR 4.7 billion for 2000-2006. Launched at the Essen Council (Germany) in 1994, the TENs are a series of transport, telecommunications and energy projects which are continually being expanded and upgraded. The TENs are largely financed by private sector and non-EU sources. The EU does, however, provide loans from the European Investment Bank (and loan guarantees from the European Investment Fund) in Luxembourg, and partial feasibility study grants from the European Commission for the TENs. There are no overt EU restrictions on the participation of U.S. firms in the TENs. Tenders for such projects can be found on the TED database, <http://ted.eur-op.eu.int/ojs/html/index2.htm>.

8.1.4 External Assistance Grants

Regional development assistance grants focus on three regions of the world: the Central and Eastern European countries, the South Mediterranean region and the African, Pacific and Caribbean area.

The European Union provides technical and financial assistance to the candidate countries in Central and Eastern Europe, as well as to the NIS countries:

- PHARE, Poland and Hungary Assistance for Restructuring of the Economy, established in 1989, now grants assistance to thirteen countries in Central and Eastern Europe (CEEC). In 1999, PHARE's budget totaled approximately EURO 1.4 billion. The PHARE program will, in the future, focus on priorities linked to the adoption of the *acquis communautaire*, i.e., building up the administrative and institutional capacities of the applicant countries and financing investments designed to help them comply with Community law.

- The ISPA (Instrument for Structural Pre-Accession) grant program has been created for the ten Central and Eastern European countries that have applied for EU membership, and is modeled on the Cohesion Fund program. ISPA-funded programs will cover environmental and transport projects with a budget totaling EURO 1040 million per year during the seven-year period (2000-2006).

- TACIS, the EU program of Technical Assistance to the CIS, was set up in 1990 with the same objectives as PHARE, but focused on the fifteen countries of the former Soviet Union (Newly Independent States, or NIS). TACIS's budget was EURO 462 million in 1999. Unlike EU programs which focus on stimulating development inside the EU, participation in projects supported by PHARE, ISPA or TACIS is restricted to European or

local (CEEC/NIS) companies (whether or not of American parentage), whose products have undergone their last substantial manufacturing transformation in the European Union or a CEEC/NIS country.

Other regional programs include:

- the MEDA program, which funds projects in the Euro-Mediterranean Partnership zone (Maghreb and Mashrek countries). Information is available on the following website: <http://www.euromed.net>.

- the European Development Fund (EDF), which funds projects in 70 African, Caribbean and Pacific countries. Information is available on the following website: <http://www.europa.eu.int/comm/development>.

Tenders related to EU-funded programs are located on the website of the Europe-Aid Co-operation Office, which offers information on various EU external assistance programs: http://europa.eu.int/comm/europeaid/tender/index_en.htm.

8.1.5 Other Sectoral Grants

A second set of sector-specific grants offer assistance to EU Member States (versus grants for external assistance, discussed in 8.1.4, above): science, technology, communications, energy, environmental protection, education, training and research. Information pertaining to each of these programs can be found on the European Commission's website, http://www.europa.eu.int/comm/dqs_en.htm.

8.2 Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank is the financing arm of the European Union; and since its creation in 1958, it has been a key player in building Europe. As the EIB's lending practice evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for project financial and economic analysis, the Bank makes loans to private or public, EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

The EIB mostly funds projects within the EU; however, it also lends outside the EU, as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 1999, EIB loans outside the EU totaled more than EUR 4 billion. The EIB also plays a key role in supporting EU enlargement. Five pre-accession countries (Poland, Hungary, the Czech Republic, Estonia, Slovenia) received half of the total EIB loans outside the EU, with the loans used to finance improvements to infrastructure and industrial plant to help those countries prepare for eventual EU membership. In Southeast Europe in 1998, approximately \$878 million worth of agreements were signed with Southeastern European states (i.e., Bulgaria, Romania, Albania, the Former Yugoslav Republic of Macedonia).

Projects financed by the EIB must contribute to the socio-economic objectives set out by the European Union, such as fostering the development of the less favored regions, improving European transport and telecommunication infrastructure, protecting the

environment, supporting the activities of SMEs, assisting urban renewal, and generally promoting growth, competitiveness and employment in Europe.

The EIB presents attractive business opportunities to U.S. businesses for several reasons. First, because the EIB will lend to an U.S. subsidiary in Europe. Like all EIB customers, however, the U.S. firm must apply the loan proceeds to a project that contributes to the European objectives cited above. Secondly, as the financing arm of the EU, the EIB can also help U.S. businesses find out whether their projects qualify for a supplementary economic development grant from the European Union Structural Funds, which may amount to as much as 50 percent of project cost.

U.S. firms can use EIB loans to leverage the opportunities for infrastructure and industrial project development made possible within the EU by \$195 billion in EU economic development grants during 2000-2006, and in Southeastern Europe by about \$5.5 billion in total EU financial support during the same period. To learn more about the EIB, consult their website, <http://www.eib.org>.

9 BUSINESS TRAVEL

9.1 Business Customs

Please see EU Member State Country Commercial Guides

9.2 Travel Advisory and Visas

Please see EU Member State Country Commercial Guides

9.3 Holidays

The European institutions generally follow the holidays of the EU Member State in which they are located. During the month of August and between Christmas and New Year (December 24-31), the European institutions are staffed with a minimum of personnel. For information on local holidays in the EU Member States, please see their Country Commercial Guides. The following is a list of holidays celebrated by the European Commission during the Calendar Year 2001.

January 1	New Years Day
January 2	Le Lendemain (the day following New Year's Day)
April 12	Holy Thursday
April 13	Good Friday
April 16	Easter Monday
May 1	May Day
May 9	Schuman Day
May 24	Ascension Day
May 25	Le Lendemain (the day following Ascension Day)
June 4	Pentecost Monday
August 15	Assumption Day
November 1	All Saint's Day
November 2	Day of the Dead
December 24 - 31	End of the Year

9.4 Business Infrastructure

Please see EU Member State Country Commercial Guides

U.S. Business Travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives", available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20420; Tel (202) 512-1800, Fax (202) 512-2250. Business travelers to the European Union seeking appointments with officials in the U.S. Mission to the European Union in Brussels, Belgium should contact the Commercial Service in advance. The Commercial Service can be reached by telephone at (32-2) 508-2746, or by fax at (32-2) 513-1228. A current directory of staff and locations may be viewed on the Commercial Service's website, www.usatrade.gov.

10. ECONOMIC AND TRADE STATISTICS

10.1 European Union Country Data

Population:	375.7 million (2000 - EU 15)
Religions:	See Member State Country Commercial Guides
Governments:	See Member State Country Commercial Guides
Languages:	English, French, German, Spanish, Italian,
(official)	Danish, Swedish, Greek, Finnish, Portuguese, Dutch
Workweek:	See Member State Country Commercial Guides

Member State Country Commercial Guides may be viewed from www.sce.doc.gov, or from www.usatrade.gov.

10.2 Economy

	1998	1999	2000	2001E	2002E
GDP growth	2.8	2.5	3.4	2.5	2.9
Unemployment (a)	9.9	9.2	8.3	7.7	7.2
Inflation (b)	1.3	1.2	2.1	2.1	1.8
Govt. Deficit (%GDP)	-1.5	-0.6	1.2	-0.2	0.0
Govt. Debt (%GDP)	69.0	67.5	64.5	61.7	59.3
Current Account Balance (%GDP)	0.8	0.3	-0.2	-0.3	-0.3

*Real pct change p.a. unless otherwise stated.

(a) As a percentage of the civilian labor force;

(b) Harmonized index of consumer prices, nominal change.

Source: *European Economy*, Supplement A, #3 – 4, European Commission, March/April 2001

10.3 U.S. Trade in Goods and Services

(% of Total Merchandise Exports)

	1997(1)	1998(1)	1999(1)	2000(2)	2001(2)
U.S. Exports to the EU	20.4	21.9	21.9	21.1	N/A
EU Exports to the U.S.	18.1	19.3	19.1	18.1	N/A

(U.S. Trade in Goods and Services – in Billions of USD)

	1997(1)	1998(1)	1999(1)	2000(3)	2001(4)
U.S. Exports to the EU (fas)	140.8	149.5	151.6	165.1	57.4
EU Exports to the U.S. (cif)	157.5	176.4	195.4	220.0	78.5

1) Source: OECD 06/2000

2) Source: U.S. Department of Commerce, 02/2001

3) Source: *U.S. International Trade in Goods and Services – Annual Revision for 2000*, U.S. Census Bureau, June 2001.

- 4) Source: *U.S. International Trade in Goods and Services*, U.S. Census Bureau, April 2001. Year to date.

10.4 Investment

Direct Foreign Investment Position on a Historical-cost Basis
(in millions of U.S. dollars)

	1996	1997	1998	1999	2000
U.S. DFI in the EU	334.7	390.6	481.6	624.7	N/A
EU DFI in the U.S.	337.2	371.8	433.7	509.1	N/A

Survey of Current Business, July 2000

11. U.S. AND COUNTRY CONTACTS

11.1 *United States Department of Commerce*

Contacts at the U.S. Mission to the European Union:

Minister Counselor for Commercial Affairs	Charles A. Ford	32.2.508.27.46
Commercial Attaché	Steve Alley	32.2.508.27.55
Standards Attaché	Suzanne R. Sene	32.2.508.26.74
Commercial Attaché	Kenneth R. Mouradian	32.2.508.28.40

Address:

U.S. Commercial Service
U.S. Mission to the EU
Rue Zinner 13
B-1000 Brussels, Belgium
Tel.: 32.2.508.21.11
Fax: 32.2.513.12.28

Contacts within the U.S.:

Charles Ludolph
Deputy Assistant Secretary
Market Access and Compliance
Department of Commerce
Washington D.C. 20230
Phone: (202) 482-5638
Fax: (202) 482-4098

Ms. Eileen Hill
Director (Acting)
Office of European Union and Regional Affairs
Room 3036
Department of Commerce
Washington D.C. 20230
Tel: (202)482-3310
Fax: (202)482-2155

Mr. Eric Sletten
Regional Director for Europe
U.S. and Foreign Commercial Service
Room 3130
Department of Commerce
Washington D.C. 20230
Tel: (202)482-1599
Fax: (202)482-3159

Ms. Joanne Overman
National Institute
of Standards & Technology
Gaithersburg, Maryland 20899

Tel: (301)975-4037

Ms. Linda Chaves
National Oceanic and
Atmospheric Administration
National Marine Fisheries Service
1335 East-West Highway
Silver Spring, Maryland 20910
Tel: (301)713-2379

11.2 United States Department of Agriculture

Contacts at the U.S. Mission to the European Union:

Office of Agricultural Affairs
U.S. Mission to the EU
Rue Zinner 13
B-1000 Brussels, Belgium
Tel.: 32.2.508.27.60
Fax: 32.2.511.09.18
E-mail: AgUSEUBrussels@fas.usda.gov
Webpage: <http://www.useu.be/agri>

Contacts within the U.S.:

For a list of the meat processing facilities in the U.S. that are currently approved for export to the EU, please contact:

Dr. Karen Morris
Food Safety and Inspection Service
Export-Import Program Analysis
Technical Service Center
106 South 15th Street
300 7th Street, SW
Omaha, NE 68102
Tel: (402) 221-7400
Fax: (402) 221-7438

For information and assistance on EU dairy standards and sanitary controls, please contact:

Dr. Richard McKee
Director, Dairy Division
Agricultural Marketing Service
U.S. Department of Agriculture
14th & Independence Ave., S.W., Rm 2968-S
Washington, D.C. 20090-5751
Tel: (202) 690-3410
Fax: (202) 720-2643

For additional information on export requirements for livestock species, poultry, pets and laboratory animal species, please contact:

Dr. Najam Faizi
Senior Staff Veterinarian
Animal and Plant Health Inspection Service
Veterinary Services
Import/Export Animals Staff
Unit 39
4700 River Road
Riverdale, MD 20737-1228
Tel: (301) 734-8383
Fax: (301) 734-6402

For information on phytosanitary certificates please contact:

Dr. Bob Bokma
Director (Plant Health)
Animal and Plant Health Inspection Service
International Services
Operational Support
Unit 67
4700 River Road
Riverdale, MD 20737-1228
Tel: (301) 734-8892
Fax: (301) 734-8318

Information on the maximum pesticide residue levels set by the Commission and those under consideration may be obtained from:

Carolyn Wilson
Office of Food Safety and Technical Services
Foreign Agricultural Service
U.S. Department of Agriculture
14th and Independence Avenue S.W.
Washington, D.C. 20250
Tel: (202) 720-2239
Fax: (202) 690-0677

or from the European Commission's website,
http://europa.eu.int/comm/food/fs/ph_ps/pest/index_en.htm.

For additional information on marketing organic produce in the European Union, please contact:

Audrey Talley
Office of Food Safety and Technical Services
Foreign Agricultural Service
U.S. Department of Agriculture
14th and Independence Avenue S.W.
Washington, D.C. 20250

Tel: (202) 720-9408
Fax: (202) 690-0677

11.3 Customs Cooperation Council (a.k.a. the World Customs Organization)

Mr. Michel Danet
Secretary General
Rue du Marche 30
1211 Brussels
Tel.: (32-2) 209-9211
Fax: (32-2) 209-9292

11.4 *The European Commission*

For Information on Customs-related Matters within the European Union:

Mr. Michel Vanden Abeele
Director General
Directorate General Taxation and Customs Union
Rue de la Loi 200
1049 Brussels
Tel.: (32-2) 296-1169
Fax: (32-2) 295-6501

For general information about the European Union:

European Union
Delegation of the European Commission
2300 M Street, 3rd Floor, N.W.
Washington, D.C. 20037
Tel. (202) 862-9500
Fax: (202) 429-1766
Website: <http://www.euunion.org>

European Commission
Rue de la Loi 200 / Wetstraat 200
B-1049 Brussels, Belgium
Tel. (32-2) 299-1111 (switchboard)
Fax: (32-2) 295-0138 / 39 / 40
Websites: http://europa.eu.int/comm/index_en.htm
(European Commission)
<http://europa.eu.int/en/comm/dg01/eu-us.htm>
(EU-U.S. relations)

11.5 *Private Sector Associations*

11.5.1 *Private Sector Associations in the U.S.*

European-American Business Council
1333 H Street, N.W.
Washington, D.C. 20005
Tel: (202) 347-9292
Fax: (202) 628-5498

The European Institute
Suite 200
5225 Wisconsin Avenue, N.W.
Washington, D.C. 20015
Tel: (202) 895-1670
Fax: (202) 362-1088
Website: <http://www.europeaninstitute.org>

Ms. Lisa Schroeter
U.S. Director
Transatlantic Business Dialogue (TABD)
PricewaterhouseCoopers
1900 K Street, N.W., Suite 900
Washington, D.C. 20006
Tel.: (202) 822-4769
Fax: (202) 822-5640
Website: <http://www.tabd.com>

11.5.2 Private Sector Associations and Fora in the EU

Centre for European Policy Studies (CEPS)
1 Place du Congres
B-1000 Brussels, Belgium
Tel: (32-2) 229-3911
Fax: (32-2) 219-4151
Website: <http://www.ceps.be>

EU Committee of the American Chamber of Commerce in Belgium
50 Avenue des Arts, Box 5
1000 Brussels, Belgium
Tel: (32-2) 513-6892
Fax: (32-2) 513-7928
Website: <http://www.eucommittee.be>

The European Policy Centre
42 Boulevard Charlemagne
B-1000 Brussels, Belgium
Tel: (32-2) 231-0340
Fax: (32-2) 231-0704
Website: <http://www.TheEPC.be>

The European Round Table of Industrialists (ERT)
113 Avenue Henri Jaspar
1060 Brussels, Belgium

Tel: (32-2) 534-3100
Fax: (32-2) 534-7348
Website: <http://www.ert.be>

Trans European Policy Studies Association (TEPSA)
11 Rue d'Egmont
B-1000 Brussels, Belgium
Tel: (32-2) 511-8100
Fax: (32-2) 511-6770

The Transatlantic Policy Network
Rue Froissart 115, 1st floor
1040 Brussels, Belgium
Tel: (32-2) 230-6149
Fax: (32-2) 230-5896

11.6 Periodicals

Euroguide News
(Newsletter of the Guide to European Community Grants and Loans)
44 Melville Street
Edinburgh, Scotland
United Kingdom EH3 7HF
Tel: (44-131) 225-8451
Fax: (44-131) 220-1972
Website: <http://www.eurofi.co.uk>

Europe Daily Bulletin (Bulletin Quotidien Europe)
Agence Europe S.A.
(daily)
36 Rue de la Gare
B-1040 Brussels, Belgium
Tel: (32-2) 737-9494
Fax: (32-2) 736-3700

EUR-OP News
(quarterly overview of key EU policies)
Office for Official Publications of the European Communities
2 Rue Mercier
2985 Luxembourg
Tel: (352) 499-281
Fax: (352) 495-719

European Report
(biweekly update on European affairs)
Europe Information Service
4 Avenue R. Gobert
1180 Brussels, Belgium
Tel: (32-2) 737-7709
Fax: (32-2) 732-6757

Website: <http://www.eis.be>

European Voice
(weekly newspaper on EU developments)
17-19 Rue Montoyer
1000 Brussels, Belgium
Tel: (32-2) 540-9075
Fax: (32-2) 540-9070
Website: <http://www.european-voice.com>

The European
(weekly newspaper on EU developments)
27 Rue le Correge
1040 Brussels, Belgium
Tel: (32-2) 732-5250
Fax: (32-2) 735-9668

The Parliament Magazine
(semimonthly on the activities of the European Parliament)
Treves Centre
45 Rue de Treves
1040 Brussels, Belgium
Tel: (32-2) 238-7810
Fax: (32-2) 238-7808

11.7 EU-related websites

11.7.1 For general information on the European Union

<http://www.europa.eu.int> One-stop information resource on the EU

<http://www.euractiv.com> EU news, policy positions and actors

11.7.2 For information on topics related to doing business in the European Union

<http://europa.eu.int/business> EU's One Stop Internet Shop for Business (EU funds, technical standards, intellectual property law, and free access to public procurement tender notices via the Tenders Electronic Daily (TED) database).

<http://mkacddb.eu.int> EU market access database (information on tariffs and other trade information)

<http://europa.eu.int/celex> CELEX – Access to EU law

<http://www.cordis.lu> CORDIS – Community Research and Development Information Service (EU research and innovation website)

http://europa.eu.int/comm/eurostat	European Commission Statistical Office (Eurostat)
http://eur-op.eu.int	EU Office of Official Publications
http://europa.eu.int/euro/	EU official website on the euro
http://www.ecb.int	European Central Bank, Frankfurt
http://www.eib.org	European Investment Bank, Luxemburg
http://www.ue.eu.int	Council of the European Union
http://www.ue.eu.int/en/presid	Presidency of the Council of the European Union
http://www.euoparl.eu.int	European Parliament

12. MARKET RESEARCH

12.1 Non-Agricultural Markets

For market research relevant to the Member State to which you plan to export, please see the Showcase Europe web site, www.sce.doc.gov. For market research relevant to the European Union, as a whole, please see <http://www.usatrade.gov/> under "Market Research" and sort by country (EU). The following are some current titles published by the Commercial Service at the United States Mission to the European Union.

02/28/01	European Union Opens Up Local Telecoms Markets to Broadband Competition
07/04/01	The Internet Security Market - Impact of European Union Policies and Regulations
07/03/01	Towards a Single European Defense Market - the Contribution of EU Initiatives
07/03/01	The EU Mobile Commerce Market - the Impact of EU Policies and Regulation
04/07/01	U.S. Energy Star Logo to be Introduced in Europe
04/04/01	Collection and Recycling of Waste Electrical and Electronic Equipment
02/28/01	Exporting Textile Products to the European Union – FAQs
02/28/01	Political Agreement Paves the Way for European Company Statute
10/28/00	Europe Goes Green: reinforced Eco-Label Provisions in the EU
10/20/00	New Opportunities for U.S. Businesses as EU Re-Vamps Procurement Rules

12.2 Agricultural Markets

For market research relevant to the Member State to which you plan to export, please see www.fas.usda.gov for attaché reports relevant to agricultural markets in individual Member States.

13. TRADE EVENT SCHEDULE

Please see the Showcase Europe web site for trade event information relevant to the Member State to which you wish to export, www.sce.doc.gov.